Encouraging investment in agricultural marketing infrastructure projects

*44. SHRI MOOLCHAND MEENA:
DR. T. SUBBARAMI REDDY:

Will the Minister of AGRICULTURE be pleased to state:

(a) whether Government have decided to come out with an innovative scheme to encourage entrepreneurs investing in agricultural marketing infrastructure projects;

(b) if so, whether this move is aimed at bringing down risk threat for both entrepreneurs and banks;

(c) whether venture capital scheme was part of Government's effort to bridge the gap between producer and consumer;

(d) whether the scheme covers a wide range of agricultural and allied sectors' activities including collection, cleaning, grading, quality, certification, labeling, packing, ripening chambers, retailing, wholesale and value addition facilities; and

(e) if so, by when these schemes are likely to be implemented?

THE MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR): (a) to (e) Ministry of Agriculture is implementing a Central Sector Scheme for "Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization". Under the scheme, investment subsidy is provided @25% on the capital cost of the marketing infrastructure development project subject to a maximum of Rs.50 lakh for each project in all States and @33.3% of capital cost subject to a maximum of Rs.60 lakh for each project in case of North Eastern States, hilly areas and to Scheduled Castes/Scheduled Tribes entrepreneurs. In respect of infrastructure projects of State Governments/State Agencies, there is no upper ceiling on subsidy to be provided under the scheme. The Scheme is reform linked, to be implemented in those States/Union Territories wherein the law dealing with agricultural markets (Agricultural Produce Marketing Regulation Act) allows setting up of competitive agricultural markets in private and cooperative sectors, direct marketing and contract farming. The States of Andhra Pradesh, Punjab, Kerala, Tamil Nadu, Manipur, Sikkim, Madhya Pradesh, Himachal Pradesh, Nagaland and

Union Territory of Andaman & Nicobar Islands have so far been notified to receive assistance under the Scheme.

The Ministry of Agriculture is also implementing a Central Sector Scheme for Agri-Business Development by providing venture capital assistance to agri-business projects and assisting producers' group in the preparation of detailed reports for such projects. The main objective of the Scheme is to catalyze private investment in setting up of agri-business projects and thereby providing assured markets to producers for increasing rural income and employment. The scheme has been approved with an outlay of Rs.48 crores during remaining period of Tenth Plan. Venture capital assistance is provided to eligible projects in the form of equity upto an extent of 26% of the project equity or 10% of the total project cost or Rs.75 lakhs whichever is less. The scheme is implemented by the Small Farmers' Agribusiness Consortium (SFAC), an autonomous organization under this Ministry. Venture capital assistance is provided for those projects that encourage the farmers to diversify into high value crops and provide them with assured market and increased farm income.

The Central Sector schemes for "Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization" and "Agribusiness Development through Venture Capital Assistance" have been approved for implementation with effect from 20.10.2004 and 11.7.2005 respectively. Assistance provided under both the schemes lowers the business risk to the agri-entrepreneurs and enhances the financial viability of the projects for the banks.Assistance is provided for the development of infrastructure projects in agriculture and allied sectors, and for creating user facilities like market yards, weighing etc., functional infrastructure like assembling, grading, labeling etc., and infrastructure for direct marketing, e-trading etc.

Revival of IISCO

*45. SHRI KALRAJ MISHRA: Will the Minister of STEEL be pleased to state:

(a) whether the Indian Iron and Steel Company continues to be a